

The Honorable

The Secretary of State

Dear Mr. Secretary:

We have carefully considered your memorandum to us enclosing a Plan dated December 3, 1945, for the establishment of a National Intelligence Authority. Representatives of the War and Navy Departments have discussed the proposed Plan with your Special Assistant, Mr. McCormack, and have examined certain modifications to the original Plan suggested by him in a memorandum dated December 15, 1945.

We regret that we are unable to accept the Plan proposed by your memorandum, even with the modifications subsequently suggested. In our opinion, it is inadequate in two respects, both of which we consider essential. It fails to provide for a centralized executive organization responsible only to the National Intelligence Authority and actively assisted by the chief intelligence officials of the three departments. It also fails to provide for centralized performance of two important operating functions, evaluation on a national level and direction of foreign secret intelligence and counterintelligence, with appropriate dissemination in each case.

As you no doubt know, this subject had previously been thoroughly studied by the two services. The Joint Chiefs of Staff, in JCS 1181 series, considered the problem at length and in September 1945 approved a proposal (JCS 1181/5) for a central intelligence organization. In

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the War Department, a special committee, appointed to consider the subject, recommended the establishment of a central intelligence organization which closely resembled that proposed by the Joint Chiefs of Staff. A copy of this committee's recommendations, which were approved by the Secretary of War and previously furnished to the State Department, is enclosed for reference (Tab A). The Navy Department examined the War Department plan and agreed with it in substance, although expressing some reservations on the question of an independent budget for the centralized agency.

We understand that you are of the opinion that the War Department plan is inadvisable in that it proposes the establishment of an independent agency, separate from the three departments. We recognize the force of the considerations that have led you to this opinion and are quite prepared to agree that, at the outset, the organization may be housed for administrative purposes in the State Department, and may consist of personnel detailed from the three departments. Under that arrangement, the State Department would furnish necessary administrative services and the chief executive would be, or would become, an official of the State Department. It is possible that the President, in view of his known and acute interest in this subject, may wish himself to select the chief executive. In that case, if the person selected should be an Army or Navy officer, he would be made available by appropriate assignment or detail.

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We do not believe, however, that this course requires abandonment of the concept of a central organization with certain operating, as well as coordinating, functions. On the contrary, we propose, as the best solution of this problem, that the enclosed War Department plan be accepted for submission to the President, with such modifications as are necessary to provide that the central intelligence agency shall not be an independent agency, but shall be an organization consisting of personnel contributed by the three departments. This will involve the following principal modifications:

1. The Director should be, or should become, an official of the Department of State, unless the President otherwise determines. He should be appointed by the Authority (unless the President desires to select him), be responsible to the Authority and be removable by majority vote of the Authority's members. He should have no other duties or functions in his own department. He should be assisted by deputies from the two other departments.
2. Other full-time personnel should be detailed to the central intelligence agency by the three departments. They should be responsible to the Director, except for personal administrative matters, and should have no other duties in their departments.

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3. Administrative services should be provided by the Department of State.

4. The provisions relating to the independence of the central intelligence agency, and its budget, should be deleted.

In addition, to conform to your proposal, we would delete the provision that a representative of the Joint Chiefs of Staff be a member of the National Intelligence Authority and would include the following provisions relating to the Intelligence Board:

- (a) that the members of the Intelligence Board may be represented by deputies;
- (b) that each member should have the functions assigned by paragraph 12 of your Plan in addition to the functions of the Intelligence Board under the enclosed War Department plan; and
- (c) that the chiefs of the intelligence agencies of other departments may sit as members of the Intelligence Board, by invitation, on matters of particular interest to their agencies.

We believe that this suggestion will meet your views as to the nature of the proposed organization, while at the same time preserving the centralized executive control and the centralized operating functions which the War and Navy Departments, as well as the Joint Chiefs of Staff, have considered essential.

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We hope that you will agree with us that the foregoing proposal should be the one submitted to the President by the three departments in response to his request for our recommendations.

As a possible alternative we are prepared, in the interest of reaching an agreement and getting some form of organization started, to advise the President that we can accept your Plan with the modifications already proposed by Mr. McCormack and certain further modifications referred to below. In this event, however, we shall feel obliged to advise the President that this alternative is in our opinion much less desirable than the one outlined above. The further modifications of your Plan which we consider essential are as follows:

1. Inclusion of provisions that the Executive Secretary will be appointed by the authority and will be or become an official of the State Department, unless otherwise determined by the President; that the Executive Secretary will have no other duties in his own department, in connection with intelligence activities or otherwise; and that all personnel detailed for full-time duty with the National Intelligence Authority, whether as members of the Secretariat or as operating personnel, will be under the supervision of, and responsible to, the Executive Secretary.
2. Inclusion of a provision that evaluation and synthesis on a national level, direction of foreign espionage and

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counter-espionage, and appropriate dissemination are functions of the National Intelligence Authority, to be conducted under the supervision of the Executive Secretary or an executive responsible to him. This will undoubtedly require elimination of the provision that committees will be the primary means by which the Authority will carry out its mission and modification of the provision making the establishment of such committees mandatory for all subjects.

3. Modification of the provisions dealing with Advisory Groups to provide that there shall be only one such group which shall have generally the composition and functions of the Intelligence Board as outlined in the War Department plan. In connection with such modification, there would be no objection by us to including provisions (a) that members may be represented by deputies; (b) that each member should have the functions assigned by paragraph 12 of the State Department proposal; and (c) that representatives of other intelligence agencies sit as ad hoc members, by invitation, on matters of concern to their agencies.

You will recognize that these modifications are designed to correct the features of your Plan that we mentioned at the outset as being, in our opinion, fundamental deficiencies.

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We earnestly trust that one or the other of these alternative proposals, preferably the first, will prove acceptable to you and that we may accordingly proceed in agreement toward the establishment of the new organization. In view of the importance of this subject, we hope to be able to discuss it with you, and reach an agreement, before you leave on your forthcoming trip.

Sincerely yours,

/s/ KENNETH C. ROYALL

Acting Secretary of War

Secretary of the Navy

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4 Jan 1952

1) Royall's Letter - note to
- re State Plan - Dec 3, 1945

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2) Extract from War Dept Com - Nov. 3, 1945

* 3) Further criticism War's Plan - Jan 7, 1946
By McComaick

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Date 6/27/91 HRP 89-2

* Subject to DOD concurrence